



Patrick W. Henning, Director

July 21, 2009
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Arnold Schwarzenegger
Governor

Ms. Mary Donovan, Program Manager II
Marin Employment Connection
120 N. Redwood Drive
San Rafael, CA 94903

Dear Ms. Donovan:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Marin Employment Connection's (MEC) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Mr. Dave Ajirogi from December 15, 2008, through December 19, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by MEC with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with MEC representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, MEC's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on January 8, 2009 and reviewed your comments and documentation before finalizing this report. Because your response did not adequately address findings numbers 1 and 2 cited in the draft report and we consider these findings unresolved. We request that MEC provide the CRO with

additional information and a corrective action plan. Until then, this finding remains open and has been assigned CATS number 90060 and 90061.

BACKGROUND

The MEC was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, MEC was allocated: \$300,895 to serve 153 adult participants; \$205,506 to serve 98 youth participants; and \$441,625 to serve 23 dislocated worker participants.

For the quarter ending September 30, 2008, MEC reported the following expenditures for its WIA programs: \$51,294 for adult participants; \$135,180 for youth participants; and \$94,033 for dislocated worker participants for PY 2008-09. In addition, MEC reported the following enrollments: 23 adult participants; 19 youth participants; and 9 dislocated worker participants. We reviewed case files for 31 of the 90 participants enrolled in the WIA program as of December 15, 2008.

PROGRAM REVIEW RESULTS

While we conclude that, overall, MEC is meeting applicable WIA requirements concerning grant program administration; we noted instances of noncompliance in the following areas: Youth Council Membership and Allowable Cost. The findings that we identified in these areas, our recommendations, and MEC's proposed resolution of the findings are specified below.

FINDING 1

Requirement: 20 CFR 661.335 states, in part, that the membership of each Youth Council must include members who represent parents of eligible youth seeking assistance.

Observation: We observed that MEC's Youth Council does not include a member who is a parent of an eligible youth seeking assistance. This vacancy has existed since January 1, 2008.

Recommendation: We recommended that MEC provide the Compliance Review Office (CRO) with a corrective action plan (CAP), including a timeline, for filling the Youth Council vacancy noted above. We also recommended that MEC provide a copy of the updated Youth Council roster after the vacancy is filled.

MEC Response: The MEC stated that they accepted the recommendation and has recruited an individual to fill the vacancy for a parent of eligible youth on their youth council. A copy of an updated youth roster will be forwarded to CRO

State Conclusion: The MEC's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until MEC provides a copy of their youth roster showing that the youth roster vacancy has been filled. Until then, this issue remains open and has been assigned CATS number 90060.

FINDING 2

Requirement: OBM Circular A-87, Attachment B(16) states, in part, that fines, penalties, damages, and other settlements resulting from violations (or alleged violations) of, or failure of the governmental unit to comply with, Federal, State, local, or Indian tribal laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of Federal award or written instructions by the awarding agency authorizing in advance such payments.

Observation: We observed that MEC expended \$200 for a traffic fine for a participant.

Recommendation: We recommended that MEC provide CRO with documentation that the amount of the fine has been removed from the WIA account and charged to a non-federal funding source. We further recommended that MEC provide a CAP stating how it will ensure that WIA funds are not used to pay the fines and penalties of future WIA participants.

MEC Response: The MEC stated that the youth client is not a "governmental unit" and stated that the citation used from OMB Circular A-87, Attachment B(16) is not applicable in this situation. Furthermore MEC's county counsel concurs with paying for a portion of this youth's unresolved traffic fine. MEC states that by paying portion of the youth's unresolved traffic fines, she was able to regain her driver's license and consequently returned to work.

State Conclusion: We acknowledge MEC's position. However, this issue remains open and is unresolved. The MEC, which is a governmental agency, paid for fines and penalties on behalf of a participant. Therefore, MEC made payments which are not allowable under OMB A-87. We, again, recommend that MEC provide CRO with documentation that the amount of the fine has been removed from the WIA account and charged to a non-federal funding source. We further recommend that MEC provide a CAP stating how it will ensure that WIA funds are not used to pay fines and penalties of future WIA participants.

Ms. Mary Donovan

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Until then this issue remains open and has been assigned
CATS number 90061.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than August 18, 2009 please submit your response to the following address:

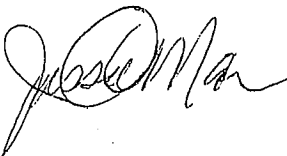
Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is MEC's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain MEC's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-7005 or Mr. Dave Ajirogi at (916) 657-4591.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Jose Luis Marquez, MIC 50
Dathan O. Moore, MIC 50
Doug Orlando, MIC 50
Daniel Patterson, MIC 45